

Arizona Health Care Cost Containment System



Our first care is your health care

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AHCCCS Initiated

SB 1082

Chapter 47

AHCCCS; member's estate

Effective Date

September 21, 2006

Summary

Requires an ALTCS member's personal representative, within three months of the member's death, to notify the administration of the member's estate or property if:

- a) The member was at least 55 years of age, and
 - b) The administration has not already filed a claim in the estate proceeding.
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SB1083

Chapter 48

AHCCCS; liens; notification requirements

Effective Date

September 21, 2006

Summary

Requires an AHCCCS member or the member's legal representative, including ALTCS members, to provide written notice to the AHCCCS administration within twenty days of the commencement of a civil action or other proceedings to establish the liability of a third party or to collect payment from specified insurance coverage or any other source.

Budget

HB 2863

Chapter 344

General appropriations; budget

Effective Date

July 1, 2006

Summary

This is the General Appropriations bill that appropriates money from the General Fund and other funds in FY 2006 and FY 2007 to fund the operations of all state agencies.

AHCCCS Total Federal and State Expenditure Authority:

Administration \$176,946,900

Acute \$4,069,596,400

Long Term Care \$1,080,691,200

\$5,327,234,500

Performance Measures:

- ◆ 24% of people under 65 will be uninsured

ADMINISTRATION

Requires AHCCCS to report to JLBC:

Uses of cost savings that result from the Hawaii project, due January 1 of each year.

The services that receive reimbursement from the federal government under the School Based Claiming initiative, due September 30 of each year.

On the fiscal impact of implementing certain provisions of the Deficit Reduction Act of 2005, due by November 30, 2006. The report shall address: the fiscal impact of 1) the maximum amount of cost sharing allowed subject to federal limits, 2) cost sharing for prescription drugs that are not preferred drugs within a class, 3) cost sharing for non-emergency care provided in a hospital, 4) cost sharing for an alternative benefit package that is actuarially equivalent to federal "benchmark" benefit packages. AHCCCS shall report by September 1, 2006 on which benefit alternative was selected as "benchmark."

On a quarterly basis, on federal programmatic changes and changes in federal funds availability, including the redistribution of Title XXI funds to Arizona.

ACUTE

Appropriates \$1,029,700 in FY 2006-2007 to AHCCCS for the purposes of subsidizing Medicare Part D prescription drug co-

payments for persons dually eligible for Medicare and Medicaid.

Requires AHCCCS to report to JLBC:

Before implementing any changes to the capitation rates.

Before making fee-for-service program or rate changes for hospital, nursing facility or home and community based services that have increases that in aggregate are 2% greater and \$1.5 million from the general fund greater than the budgeted medical inflation for FY 2006-2007.

Preliminary actuarial estimates of the capitation rate increases for the following fiscal year, due March 1 of each year. For estimates that include a range, the total minimum to maximum is limited to 3%.

Performance measures:

- ◆ 72% of children receive appropriate well child visits in the first 15 months of life (EPSDT)
- ◆ 85% of children access a primary care provider
- ◆ 55% of women will receive annual cervical cancer screening
- ◆ No more than 3.5% of members change health plans (as a measure of member satisfaction)
- ◆ 95% of applications will be processed on time
- ◆ A 6 for customer satisfaction of eligibility determinations (on a scale of 1-8)

LONG TERM CARE

Performance Measures:

- ◆ 65% of members will use Home and Community Based Services (HCBS)
- ◆ 99% of ALTCS applications will be processed within 45 days

DEPARTMENT OF ECONOMIC SECURITY (DES) DIVISION OF DEVELOPMENTAL DISABILITIES (DDD)

Appropriates \$8,171,200 from the state general fund and \$13,596,200 in federal expenditure authority to DES in FY 2006-2007 to raise rates of community service providers and independent service agreement providers contracting with DDD.

Requires AHCCCS to approve a capitation rate increase retroactive to July 1, 2006 to make provider rate increases effective July 1, 2006. Requires DDD to submit an implementation plan to JLBC for review by August 1, 2006. Requires that the adjusted rates be implemented beginning with provider payments due for services provided in August 2006. Requires that payment for retroactive reimbursement due for services provided in July 2006 be paid to providers no later than September 15, 2006.

HB2371
Chapter 331

Health and Welfare; budget

Effective Date

September 21, 2006, unless otherwise specified

Summary

This bill is the budget reconciliation bill that contains statutory and session law changes authorizing health and welfare programs and agencies.

AHCCCS

Redetermination

Continues the requirement that AHCCCS redetermine eligibility for Medicaid every six months rather than every twelve months for any adult who is at least 21 years of age and is being redetermined for temporary assistance for needy families (TANF) cash benefits. Requires AHCCCS to report on the effects of this change by February 10, 2007.

Clawback

Includes the phased-down state contribution for Medicare prescription drugs (often called the "clawback") in the calculation of the Arizona Long Term Care System (ALTCS) costs that are split between the state and the counties.

Capitation Rate Adjustments

Limits capitation rate adjustments for AHCCCS and ALTCS to inflation and changes in utilization of existing services unless policy changes, including the creation or expansion of programs, are approved by the Legislature or are specifically required by federal law or court mandate.

Graduate Medical Education (GME)

Restricts monies available for residency programs that were approved as of October 1, 1999, to the FY 2005-2006 appropriation, adjusted annually by a hospital inflation figure.

Requires, beginning July 1, 2006, any monies appropriated for GME above the FY 2005-2006 amount be distributed in the following order of priority for the direct costs of expanding residency programs approved by AHCCCS: (a) for programs that were established before July 1, 2006, at hospitals that do not receive existing GME funding; (b) for expansion of programs established on or before October 1, 1999; and (c) for programs that are established on or after July 1, 2006.

Appropriates \$4,000,000 from the state General Fund and \$12,000,000 in total expenditure authority in FY 2006-2007 to AHCCCS for the expansion of these residency programs, and for the development of new programs. Exempts the appropriation from lapsing.

Requires the AHCCCS Administration, by rule, to develop a formula to distribute the monies.

Requires all programs that receive funding to identify and report to the AHCCCS Administration the number of new residency slots created by the expansion funding, including positions in rural areas. Requires the AHCCCS Administration to report these numbers to the JLBC annually by February 1.

Hospital Loan Program

Requires AHCCCS to establish a Hospital Loan Program for loans for residency program start-up and ongoing costs in accredited hospitals.

Appropriates \$1,000,000 in FY 2006-2007 to AHCCCS for the loans to residency programs. Exempts the appropriation from lapsing.

Requires hospitals that receive loans to partner with Arizona allopathic or osteopathic medical schools.

Allows AHCCCS to provide interest-free loans of up to \$500,000 annually for one hospital per county if: a) the hospital establishes a new program that includes at least six residents; or b) the hospital adds a new specialty area with at least four new residents to an existing program.

Requires AHCCCS to prioritize loans in the following order: a) for hospitals in counties with populations of less than 500,000 persons that submit applications on or before September 1, 2007; b) for hospitals in any county.

Requires hospitals to begin repaying loans when federal Medicare or Medicaid reimbursements begin or five years after the date of the loan, whichever is sooner. Requires loans to be repaid no more than ten years after the date of the loans.

Establishes the Hospital Loan Residency Fund, administered by AHCCCS and consisting of legislative appropriations and loan repayments. Exempts the monies in the fund from lapsing.

Terminates the Hospital Loan Program on July 1, 2017.

County Contributions

Decreases Maricopa County's FY 2006-2007 acute care contribution by \$767,000 below FY 2005-2006, pursuant to the stated legislative intent that the contribution be reduced by an inflation index. Continues the FY 2006-2007 acute care contributions and related requirements for all other counties at FY 2005-2006 levels (for total county acute care contributions of \$59,222,500).

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Sets the disproportionate share uncompensated care (DUC) pool contributions to AHCCCS for the hospitalization and medical care services in FY 2005-2006 at \$2,600,000 of the county's distribution of transaction privilege tax, excluding Maricopa county.

Sets the total county contributions for the Arizona long term care system at \$244,900,000 and stipulates each county's contribution rates.

Continues the county disproportionate share hospital (DSH) payment program for FY 2006-2007 and sets the withholding amount from shared state revenues at \$85,000,000.

Continues the FY 2006-2007 contributions for the provision of hospital and medical care from all counties at FY 2005-2006 levels. Continues to exempt Maricopa County from these payments.

Eligibility RFP

Requires AHCCCS to issue a request for proposals (RFP) and allows AHCCCS to execute a contract to privatize eligibility and redetermination services by March 31, 2007. The RFP must focus on how privatization will save money. Both the RFP and the contract must be submitted to the Joint Legislative Budget Committee (JLBC) for review.

Outlier Reimbursement Report

Requires AHCCCS to evaluate the methodology used to reimburse hospitals for extraordinary operating costs ("outlier costs"), consider the practices of other states and report to the JLBC by October 15, 2006. Requires the report to include recommendations for revising the reimbursement methodology.

KidsCare Parents Program

Continues eligibility for parents of children in the Children's Health Insurance Program (KidsCare) in FY 2006-2007. Requires parents between 100% and 150% of the federal poverty level (FPL) pay premiums on a monthly basis equaling three percent of the household's net income. Requires parents between 151% and 175% of the FPL pay premiums on a monthly basis equaling four percent of the household's net income. Requires parents between 176% and 200% of the FPL pay premiums on a monthly basis equaling five percent of the household's net income. Applies the premium to the entire household unit regardless of the number of parents or children participating.

DEPARTMENT OF ECONOMIC SECURITY

Adoption

Requires, retroactive to July 1, 2006, unexpended and unencumbered monies remaining from the \$1,000,000 appropriated

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in FY 2005-2006 to the DES Adoption Services – Family Preservation Projects Special Line Item to revert to the federal TANF Block Grant at the end of FY 2005-2006.

Child Care Assistance

Requires DES to revert \$800,000 from its FY 2006-2007 state General Fund operating budget in the Division of Employment and Rehabilitation Services if statutory changes to income eligibility levels for child care assistance included in the FY 2005-2006 budget have not been fully implemented by January 1, 2007. DES must report to the JLBC when those requirements have been fully implemented.

Continues to allow DES to reduce income eligibility levels for child care assistance and requires DES to notify JLBC of any changes within 15 days of implementation of the change.

Capitation Rates

Limits capitation rate adjustments for programs for persons with developmental disabilities to inflation and changes in utilization of existing services unless policy changes, including the creation or expansion of programs, are approved by the Legislature or are specifically required by federal law or court mandate.

Autism

Allows DES, subject to legislative appropriation and in addition to any existing services, to provide autism services for children through the Division of Developmental Disabilities (DDD) to children who have or are at risk of having autism. The services are provided by entering into a contract for training and oversight of habilitation workers to utilize intensive behavioral treatment through applied behavioral analysis (ABA). Appropriates \$200,000 in FY 2006-2007 to DES from the Medically Needy Account of the Tobacco Tax and Health Care Fund for a contract for training and oversight of those services.

Requires DES to conduct an evaluation of the children's autism services provided and submit findings and recommendations to the Governor, Speaker of the House of Representatives, President of the Senate and the JLBC by March 1, 2007.

DEPARTMENT OF HEALTH SERVICES

Vital Records

Allows, retroactive to July 1, 2006, 40 percent of monies collected after July 1, 2006, for copies of vital records certificates to be deposited into the Vital Records Electronic Systems Fund (Fund). Repeals, retroactive to July 1, 2006, the requirement that these monies be deposited into the state General Fund.

Removes the Fund's exemption from lapsing and subjects the Fund to legislative appropriation. Makes the Fund permanent, retroactive

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to July 1, 2006. Appropriates the balance of the Fund to DHS in FY 2006-2007.

Requires the fees deposited into the Fund to be revised to generate no more than \$500,000 in revenue for the Fund in FY 2006-2007. Allows local registrars to set their own fees for vital records.

Capitation Rates

Limits capitation rate adjustments for mental health programs to inflation and changes in utilization of existing services unless policy changes, including the creation or expansion of programs, are approved by the Legislature or are specifically required by federal law or court mandate.

Autism

Allows DHS, subject to legislative appropriation, to provide autism services for children ages five years and under who have or are at risk of having autism through contracts with specified providers.

Appropriates the following amounts from the Medically Needy Account of the Tobacco Tax and Health Care Fund to DHS in FY 2006-2007: a) \$1,800,000 for services that utilize techniques of discrete trial and natural environment intensive behavioral treatment through applied behavioral analysis and b) \$500,000 for providing toddlers with services that utilize intensive early intervention.

Requires DHS to conduct an evaluation of the children's autism services provided and submit findings and recommendations to the Governor, Speaker of the House of Representatives, President of the Senate and the JLBC by March 1, 2007.

Restoration to Competency

Continues to require Maricopa and Pima counties and all cities to pay 86 percent of restoration to competency costs.

Suicide Prevention Program

Repeals the suicide prevention program.

Community Health Centers

Appropriates \$3,000,000 from the Medically Needy Account to DHS in FY 2006-2007 for grants to community health centers.

State Hospital

Requires DHS to report to the JLBC by July 1, 2007, on whether DHS intends to privatize the Arizona State Hospital (State Hospital). If DHS intends to privatize the State Hospital, the report must include a time frame for issuing an RFP. If DHS does not intend to privatize the State Hospital, the report must include an explanation of why not.

HB 2870
Chapter 350

State government; budget reconciliation

Effective Date

July 1, 2006

Summary

AHCCCS

Appropriates \$1,900,000 and 5 FTE's in FY 2006-2007 to AHCCCS for the administration of the Arizona 2-1-1 System. Stipulates that \$900,000 of the appropriation shall be used for one-time expenses.

Appropriates \$200,000 and \$200,000 of federal expenditure authority in FY 2006-2007 to AHCCCS for imaging system equipment.

Appropriates \$200,000 and \$1,800,000 in federal expenditure authority in FY 2006-2007 to AHCCCS for one-time computer system replacement planning.

DEPARTMENT OF ECONOMIC SECURITY

Appropriates \$5,200,000 and 28.8 FTE's and \$5,200,000 and 28.8 FTE's in federal expenditure authority in FY 2006-2007 to AHCCCS for additional DES staff to verify eligibility in accordance with the federal Deficit Reduction Act of 2005.

Appropriates the sum of \$14,420,000 in FY 2006-2007 to DES for the following purposes:(a) \$8,032,700 for child support services, (b) \$6,126,400 for foster care placement and (c) \$260,900 for residential placement. Reallocates \$2,705,700 appropriated to emergency placement to residential placement.

Appropriates \$1,000,000 in FY 2006-2007 to DES for summer youth employment and training programs.

Appropriates \$350,000 to DES for distribution to the Navajo Tribe as one-time funding for senior citizens centers.

Appropriates \$1,500,000 and 30 FTE's in FY 2006-2007 to DES to assist adult protective services workers in investigating 100% of reports received.

Appropriates \$2,300,000 in FY 2006-2007 to DES for adult independent living services.

Appropriates \$1,000,000 in FY 2006-2007 to DES for the grandparent kinship program. Stipulates that the monies are one time and may only be used for prescribed purposes.

Appropriates \$1,000,000 in FY 2006-2007 to DES for one-time funding for a dental pilot program administered by a dental school

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located in a county with a population of 1.5 million people or more. Requires the program to serve Medicaid eligible adults who also receive developmentally disabled services through DES and who are 200% FPL or below. Stipulates that \$925,000 of the appropriation shall be used for dental services and \$75,000 shall be used for transportation.

DEPARTMENT OF HEALTH SERVICES

Appropriates \$4,400,000 in FY 2006-2007 to DHS to increase the number of vaccines provided.

Appropriates \$200,000 in FY 2006-2007 to DHS to provide rural modular dental buildings in rural areas to address the shortage of dental providers.

Appropriates \$1,800,000 in FY 2006-2007 to DHS to increase funding for high risk perinatal services.

Appropriates \$400,000 and 8.5 FTE's and \$36,000 in federal expenditure authority in FY 2006-2007 to DHS for child care licensure costs.

Appropriates \$520,000 and 4.6 FTE's in FY 2006-2007 to DHS for laboratory service costs. Of the appropriation, \$400,000 and 3.6 FTE's will be distributed to the state laboratory in Phoenix and \$120,000 and 1 FTE shall be distributed to the laboratory in Flagstaff.

Appropriates \$2,500,000 in FY 2006-2007 to DHS for one-time funding for housing costs for the seriously mentally ill population in Maricopa County.

Appropriates \$1,000,000 in FY 2006-2007 to DHS in one-time funding for diabetes education.

Health

SB 1104

Chapter 40

Urgent care centers

Effective Date

September 21, 2006

Summary

Excludes from the definition of a freestanding UCC, a physician's office that offers extended hours or same day appointment to new and existing patients, unless the office is (a) open 24 hours a day (b) gives the impression that it provides medical care for urgent, immediate or emergency condition and (c) routinely provides ongoing medical services to an individual patient for more than eight consecutive hours.

SB 1137

Chapter 307

AHCCCS; PACE Program

Effective Date

September 21, 2006

Summary

Establishes the Comprehensive Care for the Elderly (CCE) program as an optional program for Arizona Long Term Care System (ALTCS) members who: (a) reside in the CCE organization's service area, (b) have selected the CCE program as the service provider and are willing to receive all services exclusively from the CCE organization and (c) are able to be maintained in a community-based setting at the time of enrollment. Allows ALTCS program contractors to offer the CCE program to their members. Requires AHCCCS Administration and AHCCCS program contractors to cooperate in the development of the CCE program. Requires AHCCCS to report annually on its efforts to support the development and implementation of the CCE program.

SB1193

Chapter 360

Appropriation; trauma services

Effective Date

September 21, 2006

Summary

Appropriates \$2,000,000 to the primary trauma center in southern Arizona for costs associated with maintaining trauma center services. The monies will lapse if not spent by July 1, 2008.

SB1195
Chapter 159

State hospital; capacity

Effective Date

April 17, 2006

Summary

Gives the Arizona State Hospital (Hospital) permanent authority to defer patients to a wait list if it reaches its funded capacity for forensic and civil populations. Requires the Deputy Director to request and consider the recommendations of representatives from the county board of supervisors, the prosecuting attorney's advisory council and the superior court when establishing the formula for forensic and civil bed allocations.

SB1299
Chapter 365

Long term care; county adjustments

Effective Date

September 30, 2006

Summary

Reduces the ALTCS contribution to equal the statewide average for any county with a per capita contribution greater than the statewide average. For FY 2006-2007, the legislation reduces the county contributions for Cochise, Gila, Mohave, Pima, Pinal, Santa Cruz and Yavapai counties. \$9,253,800 is appropriated in FY 2006-2007 to AHCCCS for the corresponding increased state spending on ALTCS.

SB1335
Chapter 366

Kidney programs; appropriations

Effective Date

June 21, 2006

Summary

Appropriates the following monies to the Department of Health Services:

- a) \$50,000 in FY 2005-2006 for the Non-Renal Disease Management Program (lapses July 1, 2007)
- b) \$100,000 in FY 2006-2007 for the Non-Renal Disease Management Program (lapses July 1, 2008)
- c) \$200,000 in FY 2006-2007 for the Renal Disease Management Program (lapses July 1, 2008).

SB1354
Chapter 166

Emergency medical services; investigations

Effective Date

September 21, 2006

Summary

Stipulates that information regarding investigations of emergency medical technicians (EMTs) is not available to the public or subject to civil discovery; allows the results of the investigation and the decision of the Department of Health Services (DHS) to be available to the public after the investigation is completed. Allows the Director of DHS to extend an EMT license for 30 days and requires DHS to establish a fee for license extension by rule.

SB1355
Chapter 367

Appropriation; autism research

Effective Date

September 21, 2006

Summary

Appropriates \$7,100,000 in FY 2006-2007 to DHS for distribution for autism research to an Arizona nonprofit medical research foundation that specializes in biotechnology and collaborates with universities, hospitals, research centers and other biotechnology businesses in the state.

SB 1379
Chapter 390

**Speech-language pathologists; assistants;
licensing**

Effective Date

September 21, 2006

Summary

Establishes licensure requirements and a scope of practice for speech-language pathologist (SLP) assistants and changes the required certification for SLP's practicing with students. Requires all services performed by an SLP assistant to be done under the direction and supervision of a licensed and qualified SLP.

SB1442
Chapter 373

AHCCCS; temporary medical coverage

Effective Date

October 1, 2006

Summary

Appropriates \$6,500,000 in FY 2006-2007 to AHCCCS to establish the Temporary Medical Coverage Program (Program). The Program provides health care coverage to persons who are citizens and residents who have been enrolled in AHCCCS at any time within the last 24 months and became ineligible for coverage due to federal disability insurance benefit payments they were receiving.

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Participants are not yet eligible for Medicare. In order to participate in the program, eligible persons must pay a premium. Participants become ineligible for the Program once they become eligible for Medicare.

HB2094 Chapter 204

Hearing; private service provider; dependency

Effective Date

September 21, 2006

Summary

Allows a court to order an agency or private service provider, after giving notice and an opportunity to be heard, to appear at a hearing to discuss a child's or parent's service plan, on motion of any party asserting that the child or parent has a statutory or contractual right to receive services from the agency or private service provider.

Allows the agency or private service provider that has received notice of the hearing to meet with the parent or child's representative before the hearing to coordinate services.

Allows the court to order the agency or private service provider to provide only covered medically necessary behavioral health services, if the child or parent is eligible to receive behavioral health services under Medicaid or KidsCare.

Defines "private service provider" as any individual or entity that receives federal, state or local government funding or reimbursement for providing services directly to a child who is adjudicated a ward of the court.

HB2177 Chapter 378

Health insurance premium tax credit

Effective Date

September 21, 2006

Summary

Establishes a premium tax credit for insurers that provide health insurance to individuals or small businesses that are certified by the Arizona Department of Revenue (DOR) beginning tax year 2007. The amount of the tax credit for individuals is the lesser of:

- a) \$1000 for single coverage, \$500 for coverage of a child or \$3000 for family coverage or
- b) 50 percent of the health insurance premium.

The amount of the tax credit for small businesses is the lesser of:

- a) \$1000 for single coverage or \$3000 for family coverage or
- b) 50 percent of the health insurance premium.

The maximum amount of tax credits allowed is capped at \$5 million

per calendar year.

The DOR is required to issue certificates of eligibility to small businesses and qualified individuals that have never before received a certification. A health care insurer must deduct the amount of the certificate from the premium of an individual or small business that has obtained the certificate of eligibility.

In order to be eligible for the individual tax credit, applicants must:

- a) be Arizona residents who are U.S. citizens or legal resident aliens
- b) earn less than 250 percent of the federal poverty level
- c) not have had health insurance coverage for at least six months
- d) not be enrolled in the Arizona Health Care Cost Containment System, Medicare or any other state or federal health insurance program.

HB2343
Chapter 189

Developmental disabilities oversight committee

Effective Date

September 21, 2006

Summary

Establishes the Developmental Disabilities Oversight Committee (Committee) and specifies the membership and duties of the Committee.

Requires the Committee to perform the following duties:

- 1. Monitor and evaluate the effectiveness of vendors delivering services to persons with developmental disabilities.
- 2. Study the feasibility of modifications to the state's system of delivering services to persons with developmental disabilities.
- 3. Study employment opportunities for persons with developmental disabilities and make recommendations for improvement.

HB2364
Chapter 233

Eosinophilic gastrointestinal disorder; benefits

Effective Date

September 21, 2006

Summary

Establishes that any contract offered by a hospital service corporation or medical service corporation, health care services organization, disability insurer, group disability insurer, blanket disability insurer, accountable health plan, AHCCCS, Healthcare Group, or AHCCCS or Healthcare Group contractors that contains a prescription drug benefit shall cover amino acid-based formula that is ordered by a physician if:

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1. The subscriber has been diagnosed with eosinophilic gastrointestinal disorder.
2. The subscriber is under the continuous supervision of a licensed physician.
3. There is a risk of a mental or physical impairment without the use of the formula.

Requires that at least 75 percent of the cost of the formula be covered and allows a maximum annual benefit limit for the formula of \$20,000. Excludes AHCCCS plans from this cost sharing requirement.

Stipulates that this new requirement applies to contracts, policies and evidences of coverage issued or renewed from and after December 1, 2006.

HB2382 Chapter 136

Prescription medication; reuse

Effective Date

September 21, 2006

Summary

Requires the Board of Pharmacy to establish a Prescription Medication Repository Program to accept and dispense prescription medications donated to the repository. Drugs may be donated at a physician's office, a pharmacy or a health care institution that elects to participate in the program and meets certain criteria. Drugs shall be accepted only in its original sealed and tamper-evident unit dose packaging. A person, manufacturer or health care institution may donate prescription medication to a pharmacy, hospital or nonprofit clinic that volunteers to participate in the program and that meets the requirements prescribed by the Board.

HB2448 Chapter 191

AHCCCS; eligibility for services

Effective Date

September 21, 2006

Summary

Requires AHCCCS applicants, beginning July 1, 2006, to provide satisfactory documentation of citizenship or qualified alien status as required by the Deficit Reduction Act of 2005 or any other applicable federal law or regulation.

Requires the AHCCCS Administration, beginning October 1, 2007, to submit a quarterly report to the Governor and the Legislature, on the following information:

1. The number of individuals for whom the AHCCCS Administration verified eligibility using the SAVE program.
2. The number and type of fraudulent documents discovered using the SAVE program.

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3. The number of U.S. citizens and the number of non-citizens referred by the AHCCCS Administration for prosecution for violations of state or federal law.

Requires DES to submit a report to the Governor and the Legislature on eligibility verification measures and fraud prevention for individuals receiving cash assistance by November 15, 2006.

Requires AHCCCS, in consultation with DES, to submit a report to the Governor and the Legislature on eligibility verification measures and fraud prevention for individuals receiving AHCCCS benefits by November 15, 2006.

HB2594 Chapter 243

Homelessness trust fund; repeal; appropriation

Effective Date

September 21, 2006

Summary

Eliminates the homeless trust fund and Homeless Trust Fund Oversight Committee. Appropriates \$400,000 from the Fund to DES for distribution to an integrated services campus serving homeless persons and the working poor in a county with a population more than 1.5 million people. Appropriates \$200,000 from the Fund to DES to distribute to counties with populations between 500,000 and 1.5 million persons for services for the homeless and working poor. Appropriates \$250,000 and any remaining monies from the Fund to DES to distribute to counties with a population of less than 500,000 persons for services for the homeless and working poor. Requires that the appropriation be matched dollar for dollar by other private or local government monies. Stipulates that all remaining monies in the Fund not matched and expended by December 31, 2007, are to revert to the Department of Economic Security for serving homeless persons and the working poor in all counties.

HB2698 Chapter 229

Small business; health insurance plans

Effective Date

September 21, 2006

Summary

Exempts from specified insurance coverage requirements, including certain mandates, health insurance that is issued to businesses that employ 2 to 25 persons and that have been uninsured for at least six months. Outlines coverage exemptions for small business health insurance plans that include but are not limited to any surgical services, maternity benefits, coverage of medical foods to treat metabolic disorders, and drug or devices for contraception or outpatient contraception services.

HB2719
Chapter 212

AHCCCS; nonhospital provider; claims

Effective Date

September 21, 2006

Summary

Requires ALTCS program contractors to adjudicate clean claims submitted by licensed skilled nursing facilities, assisted living and home and community based providers that provide services to ALTCS members within 30 days of receipt by the program contractor.

Imposes interest at a rate of one percent per month, prorated on a daily basis, for clean claims not paid within 30 calendar days; requires the interest to be paid when the clean claim is paid.

HB2743
Chapter 197

Developmental disabilities; cognitive disability

Effective Date

September 21 2006

Summary

Replaces the term "mental retardation" with "cognitive disability" in the Department of Economic Security Division of Developmental Disabilities (DDD) statutes.

HB2786
Chapter 236

Medical records; health professionals

Effective Date

September 21, 2006

Summary

Requires a health professional to prepare a written protocol for the secure storage, transfer and access of patient medical records. Outlines specific requirements. Designates noncompliance as an act of unprofessional conduct. Permits a health professional regulatory board to take disciplinary action against a health professional for failure to comply. Allows the pertinent regulatory board to take corrective action relating to the proper storage, transfer or access to medical records; however, this does not include taking possession of or management over the records. Excludes veterinarians and any health professional employed by a facility that maintains medical records from the provisions of the law.

HB2819
Chapter 197

Adult probation; county responsibility

Effective Date

September 21 2006

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Summary

Changes the county acute care contribution formula for qualifying counties that meet certain criteria pertaining to State Aid for Probation Services. Reduces the FY 2007 county contribution for acute care and increases the general fund appropriation by \$7,435,400.

Personnel

HB2661

Chapter 1

State employees; pay increase

Effective Date

January 30, 2006

Summary

Appropriates \$51,738,300 in FY 2005-06 and \$169,079,000 in FY 2006-07 from the state General Fund (GF) and other funds (OF) to provide lump-sum and performance based pay increases to state employees averaging 6.3%. Outlines specific criteria for performance-based pay.

A provision of the bill was **line-item** vetoed. The provision would have exempted all state officers or employees who are appointed or employed after December 31, 2006 and who are at pay grade 24 and above from the state personnel rules.

The Governor line-item vetoed this provision of the bill because it would have created an additional expense to state. Because of differences in the way exempt and non-exempt employees accrue annual leave; this change would have posed additional costs to the state unrelated to state employee salaries.

HB2231

Chapter 11

State employees; annual leave transfers

Effective Date

September 21, 2006

Summary

Requires the ADOA Personnel Board rules to allow for transfer of accumulated annual leave, if an employee or a member of an employee's immediate family has a serious incapacitating and extended disability caused by pregnancy or childbirth.

Vetoed

SB1217

Public health services district

Summary/Reason for Veto

The bill would have removed the option to form a Public Health Services District by unanimous vote of the County Board of Supervisors.

The Governor vetoed this bill because it eliminates the flexibility of the counties to establish public health districts without having to hold potentially expensive elections, and it could unduly limit a county's ability to respond to a crisis.

SB1325

Public funds; abortion; prohibition

Summary/Reason for Veto

The bill would have prohibited the use of public funds or tax monies of the state or any political subdivision to pay the costs associated with a health insurance policy, contract or plan that provides benefits related to the performance of any abortion, except an abortion that is necessary to either save the life of the woman, or avert substantial and irreversible impairment of a major bodily function.

The Governor vetoed this bill because it prevents local governments from making their own decisions about the health care coverage they offer and for which most employees pay their own premiums. Additionally, the bill's narrow definition of the exception under which abortions could be paid for under a public health care plan is far too restrictive and appears to be in violation of the Arizona Supreme Court's holding in *Sinat Corp. v. Arizona Health Care Cost Containment System*.

SB1477

Psychotropic drugs; testing; informed consent

Summary/Reason for Veto

The bill would have established informed consent requirements for the testing of psychotropic drugs or any other previously prescribed or administered psychotropic drug by state funded institutions or agencies.

The Governor vetoed the bill because it is not needed because adequate and comprehensive procedures currently exist to protect participants in drug trials and ensure each participant provides informed consent. The bill would not meaningfully improve those

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protections, but would impose unnecessarily burdensome impediments on the ability of behavioral health professionals to deliver services. It also unnecessarily holds such professionals to a higher standard than other medical professionals. Finally, because the bill leaves many key terms undefined, it is susceptible to overly broad interpretations that could further harm already vulnerable patients.

HB 2005

Federal monies; deposit

Summary/Reason for Veto

The bill would have required that any unrestricted federal monies received through June 30, 2006, be deposited in the state General Fund for payment of essential government services.

The Governor vetoed this bill because it would unnecessarily hamstring state agencies and because state agencies need as much flexibility as possible in administering federal funds to comply with the state's de facto mandate of doing more with less. Additionally, the Arizona Supreme Court has held twice that the Legislature lacks authority to appropriate purely federal funds.

HB2186

State annual financial report; format

Summary/Reason for Veto

The bill would have required the director of the Arizona Department of Administration (ADOA) to submit the itemized annual financial report to the Legislature, and would have required the report and any consolidated financial reports to itemize and separate federal funds from state funds.

The Governor vetoed this bill because it would have required ADOA to alter its financial transaction report format in a costly and inefficient manner. It has been estimated that the cost of compliance with this reporting requirement is over \$750,000. Additionally this expense is also unnecessary as the Legislature already receives the information that the bill requires.

HB2315

Burden of proof; emergency treatment

Summary/Reason for Veto

The bill would have exempted health professionals, hospitals and hospital employees and agents who provide services to a patient in compliance with EMTALA or as a result of a disaster from liability for

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civil damages as a result of any act of omission unless the elements of proof required for medical malpractice cases are met by clear and convincing evidence.

The Governor vetoed the bill because no data was submitted to suggest that raising the burden of proof would, alone, cure the shortage of on-call specialists in emergency rooms. Additionally, five former justices of the Arizona Supreme Court have suggested that the bill may be unconstitutional.

HB2650

Appropriation of federal monies

Summary/Reason for Veto

The bill would have authorized the Legislature to appropriate non-custodial federal monies. If the Legislature does not make an appropriation for a specific fund, grant or block of monies, that duty goes back to the agency that administers those specific monies.

The Governor vetoed this bill because it would unnecessarily hamstring state agencies and because state agencies need as much flexibility as possible in administering federal funds to comply with the state's de facto mandate of doing more with less. Additionally, the Arizona Supreme Court has held twice that the Legislature lack authority to appropriate purely federal funds.
